



JOHN R. KASICH
GOVERNOR
STATE OF OHIO

Strengthening a Jobs-Friendly Climate and Helping Ohioans in Need

2013 Accomplishments

Governor John R. Kasich and Lieutenant Governor Mary Taylor continued to make job creation Ohio's number one priority and build upon Ohio's improving economic revitalization and growing national reputation for its jobs-friendly business climate. Today, there are more Ohioans with a private sector job than at any time since 2008. And while much progress has been made since 2011 – including the creation of 174,800 private-sector jobs, higher incomes and a record number of new business filings – there is more work to be done. A number of reforms were implemented in 2013 to move the state further down the road toward solid, sustained prosperity for every Ohioan. Accomplishments of the past year have been achieved through strong partnerships between the Kasich Administration and members of the General Assembly on both sides of the aisle, educators, local officials, business leaders, and others, allowing our state to improve upon the positive momentum that's been built over the past three years.

KEEPING OHIO'S FISCAL HOUSE IN ORDER

Having overcome a historic \$8 billion shortfall in the state budget in 2011 and maintaining sound fiscal management since, Ohio is no longer looking in the rear-view mirror, fearing the dark fiscal clouds of the past. By putting Ohio's fiscal house in order, the Administration has been able to focus on pro-growth strategies.

- After a Low of 89 Cents, Rainy Day Fund Hits All-Time High--\$1.5 billion: Coming into office in 2011 with the prospect of an \$8 billion structural budget imbalance and a state savings account holding just 89 cents, Gov. Kasich responded with two balanced biennial budgets (FY 2012-13 and FY 2014-15) and a restored rainy day savings account that's now filled to \$1.48 billion. That brings the fund to its target level, building the largest emergency savings account in Ohio history.
- Calling for a Federal Balanced Budget: Despite the good progress that Ohio has made in getting its fiscal house in order, the federal government's \$17 trillion debt, never-ending deficit spending and endless budget brinkmanship is creating headwinds and uncertainty for states. In response, the governor joined with legislative leaders in renewing the call for an amendment to the U.S. Constitution requiring a federal balanced budget. The General Assembly passed a resolution making Ohio the 20th state supporting such an amendment. Once a total of 34 states pass similar resolutions, a convention will be called to draft a balanced budget amendment and submit it back to the states. If 38 states approve the amendment then it would go into effect.

CREATING AN ECONOMIC CLIMATE FOR JOB CREATION

The governor's Jobs Budget 2.0 adopted in June 2013 continues progress from the previous biennial budget to provide tax relief necessary to make Ohio more competitive. In fact, the budget included the largest year-to-year tax cut of any state in 2013. Ohio's progress toward improving its business climate has been recognized by three different national publications,

including a poll of CEOs in *Chief Executive Magazine* as the most improved in the country – moving up 13 places this year to 22.

- Cutting Taxes for Ohioans: As a result of the Jobs Budget 2.0, income tax rates have been further reduced by 10 percent over the next three years.
- Helping Ohio Small Businesses Grow: State income taxes on virtually all Ohio small businesses were cut in half on the first \$250,000 of earnings. This dramatic tax cut frees significant amounts of new capital for small businesses to better leverage the expanding economic recovery and make new investments to improve their competitiveness.
- \$1 Billion Workers Compensation Rebate: Thanks to larger-than-expected fund balances at the Ohio Bureau of Workers' Compensation, generated by strong investment management, Gov. Kasich charged the bureau with returning \$1 billion in rebates to all 210,000 of its public- and private-employer customers. In addition, the agency tripled investments in worker safety grants and set the stage to lower all rates by modernizing the workers' compensation premium payment system.
- Aligning Ohio's Medical Research Assets: The governor's Medical Corridor Initiative continues to work to make Ohio the destination of choice for the biomedical industry. In 2013, the state provided funding to the Ohio Clinical Trials Collaborative Project led by Ohio's three Clinical and Translational Science Award (CTSAs) organizations, thus allowing the CTSAs to better coordinate activities and compete for larger clinical trials. This project – coupled with an asset inventory of Ohio's strengths in the biopharmaceutical space completed this year – will allow the state to more proactively market our assets to this important, growing industry.
- It's the Taxpayer's Money: The Ohio Department of Taxation is accelerating and expanding its efforts to get tax refunds to businesses that deserve them. This effort ends a decades-long practice uncovered by the Kasich Administration whereby the department deliberately didn't tell business taxpayers of overpayments unless they asked about them. Unclaimed refunds are eventually turned over to the state treasury. The department began refunding about \$14 million of commercial activity tax overpayments in December 2012 and recently expanded the program to include about \$30 million of other major business tax overpayments. In addition, the Development Services Agency has recovered more taxpayer money than ever before through new initiatives to track the state's investments and aggressively pursue repayment of state incentives from companies not meeting their commitments.
- Streamlining Ohio's Business Regulations: Under the Common Sense Initiative (CSI) led by Lt. Gov. Taylor, all state agency rules that impact businesses must go through an analysis to ensure regulations are justified. As of December 2013, approximately 1,500 rules have been reviewed by CSI leading to regulations that have more stakeholder input, reduced business impact, and are more focused on public protection.
- Increasing Opportunities for Minority Businesses: The state's Minority Business office was elevated to full division status in 2013 and is increasing the number of certified businesses and procurement opportunities. For the first time, a strategic and measurable approach is in place to provide minority businesses the tools they need to grow and succeed and to make sure agencies follow the state's rules and practices.

IMPROVING OHIO'S JOB-CREATING HIGHWAY INFRASTRUCTURE

Ohio's major manufacturing and agriculture sectors depend on our state's top-rated highway system to ship raw materials and finished goods. Furthermore, Ohio's strategic position within 600 miles of 60 percent of the nation's population has made the logistics sector a top employer in our state.

- **Jobs and Transportation Plan:** An additional \$3 billion in federal, state and local funds to meet Ohio's pressing transportation needs was made possible by Gov. Kasich's plan to leverage the value of the Ohio Turnpike by bonding against toll revenues. Gov. Kasich's budget not only keeps our highways in good shape, it also freezes local turnpike EZ-pass tolls for 10 years, limits other toll increases and rebuilds the turnpike ahead of schedule—all without a tax increase.
- **New First-of-Its-Kind Project Allows Ohio to Repair and Replace Local Bridges:** Ohio will invest \$120 million to repair and replace more than 200 county- and city-owned bridges over the next three years. The funds are made available by Ohio's successful efforts to overhaul highway funding by reducing overhead costs and improving efficiency at the Ohio Department of Transportation.

EMPOWERING PARENTS AND TEACHERS TO HELP EVERY CHILD ACHIEVE

Gov. Kasich has made education a key priority to help improve results in Ohio's classrooms and better prepare our children for the future. Over the past two years, the governor has championed initiatives to strengthen our schools, including the Third Grade Reading Guarantee, A-F Report Card, and innovative school plans in Cleveland and Columbus.

- **Directing More Dollars to Ohio's Classrooms:** Gov. Kasich's *Achievement Everywhere* plan, approved in the state budget, allocates \$1.6 billion in new state funds to put more dollars in the classroom in ways that help teachers respond to students' learning needs. As a result, state funding for education in FY 2015 will exceed FY 2011 actual state spending by \$1.39 billion.
- **Encouraging Innovation:** A new \$250 million *Straight A Fund* is providing one-time grants to those districts with the will to take on ambitious new strategies for helping their students improve their achievement levels and increase their operational efficiency. Any savings generated through these transformations can be used by districts as they see fit, including efforts to improve classroom instruction or to make locally generated property tax revenues go further.
- **Expanding Choices:** This year Ohio expanded EdChoice vouchers, including a pilot program providing scholarships for children entering Kindergarten in the 2013-14 school year and whose families are under 200 percent of the poverty level. And, if a student's school is failing on the state's new 3rd Grade Reading Guarantee, parents can now receive a voucher scholarship to have their child attend another school.

STRENGTHENING HIGHER EDUCATION TO PREPARE OHIOANS FOR WORKFORCE OPPORTUNITIES

Ohio's new culture of collaboration in higher education – which has been nationally recognized – helped launch more meaningful changes in 2013.

- **Incentivizing Colleges to Graduate Students, Not Just Enroll Them:** To help increase the number of Ohioans with degrees, Ohio's university presidents successfully proposed basing more state higher education funds on how many students successfully complete their degrees. The share of state funding tied to student graduation increased from 20 to 50 percent. Community college presidents are in the final stages of developing recommendations for the

next fiscal year that would base more of their state funding on successful course and degree completions, rather than course enrollments.

- Keeping Tuition Affordable for Ohio Families: Gov. Kasich successfully sought to limit in-state undergraduate tuition and general fee increases to no more than 2 percent at our four-year universities and \$100 at our two-year community colleges – which led to several schools freezing tuition.
- Studying How to Increase Quality and Value at Ohio's Colleges: With a new results-based funding formula in place, Gov. Kasich feels strongly that issues of quality and value are among the greatest challenges facing universities across Ohio and the nation as students and their families struggle with rising tuition and fees, and increasing levels of debt. To further advance his commitment to higher education in Ohio, Gov. Kasich has called upon Dr. E. Gordon Gee to develop recommendations on ways for universities to balance cost, quality and access.
- Taking Steps to Address a Future Employment Gap: During 2013, Lt. Gov. Taylor and the Department of Insurance worked in collaboration with Ohio's insurance industry and higher education community to increase awareness regarding the need to fill 17,000 insurance jobs over the next five years.

STRENGTHENING OHIO'S WORKFORCE PROGRAMS

- Training Ohio's Workforce: To fill a gap in the current workforce development programs, Ohio invested \$30 million in the past fiscal year, allowing companies in Ohio's growth sectors to increase their competitive edge by providing training to their existing workforce. Federal assistance is available for training but largely only after people have first lost their jobs. Ohio's Incumbent Workforce Training Voucher Program helps Ohioans who have jobs upgrade their skills so they can keep their positions and their employers can become more competitive.
- Prioritizing Veterans as a Ready Workforce: Gov. Kasich is providing needed support to Ohio veterans by ensuring they are receiving the appropriate credit and credentialing for their military training and service in order to assist them with education and employment opportunities. In 2013, Ohio took steps to streamline and simplify the state licensure process for military service men and women to ensure their relevant military experience, training and education is taken into account when determining equivalency for issuing professional licenses and certifications.
- Identifying Ohio's Most In-Demand Jobs: A new forecast tool was deployed in 2013 to top employers in Ohio's growth industries, helping to better understand the state's most urgent workforce needs. This information, combined with existing data, will allow the state and its partners to prioritize and focus on critical workforce shortages. Using the in-demand jobs data, Ohio and its training providers are working directly with business to address gaps in the system that are creating workforce supply shortages.

CONTINUING OHIO'S PROGRESS IN TRANSFORMING MEDICAID

Gov. Kasich's state budget built on the momentum of the first two years of reform, pushing Ohio forward against a headwind created by the federal Affordable Care Act (ACA).

- Further Improving Ohio's Medicaid Program: As part of the state budget, a number of reforms were enacted including: reducing Medicaid fraud and abuse, capping Medicaid managed care spending at three percent annual growth, reducing avoidable hospital readmissions, targeting direct medical education funds toward workforce priorities, helping individuals with mental illness who live in nursing facilities to transition into home- and community-based settings, increasing provider rates for home and community-based services, and committing Ohio to spend 50 percent of its Medicaid long-term care budget on non-institutional care.

- Extending Health Care Coverage to Lower Income Ohioans: Ohio's improvements to Medicaid made it possible to extend coverage to 275,000 lower-income residents and keep working Ohioans in jobs, put Ohio's federal taxes to work here at home, and create a ladder up and out of public assistance for those who need it.

STRENGTHENING CRIME PROTECTION AND SAFETY FOR OHIOANS

- Making Ohio's Roads Safer: For the first time in modern history, the annual number of traffic fatalities in Ohio is expected to drop below 1,000 this year. This has been achieved through reduced alcohol-involved fatal crashes, Ohio's new hotline to report suspected impaired drivers and drug activity, improved roadway engineering and safer construction standards. In addition, the Ohio Highway Patrol increased efforts to improve safety with increased drug violations, weapons violations and felony arrests – including keeping more than 50,000 opiate pills and nearly 100 pounds of heroin off the streets.
- Fighting Human Trafficking: Through a partnership with the Ohio Network of Children's Advocacy Centers, Ohio is building a statewide infrastructure for helping child victims of human trafficking. Since this partnership began, children who previously had not been recognized as trafficking victims were identified, and Ohio is gaining a better understanding of the youngest victims in the state so we can help them reclaim their childhood.
- Improving School Security: A new School Security Grant Program will provide \$12 million through the Ohio School Facilities Commission to secure buildings and provide radio communication units to quickly reach first responders in the event of an emergency.
- Better Preparing Ohio Prisoners for Success After Release: In 2013, Ohio created nine integration units within Ohio's public prisons to prepare inmates for the expectations of employment after their release. As a result, more than 2,200 inmates are taking part in a comprehensive program that engages them 8-10 hours a day with productive work assignments and programming. Areas of focus include pathways such as community service, job readiness, drug/alcohol programming and education.

PROTECTING OUR MOST VULNERABLE OHIOANS

- New Prescription Drug Guidelines: As part of an ongoing effort to curb the misuse and abuse of prescription pain medications and overdoses, Gov. Kasich proposed new opioid prescribing guidelines for treating patients with chronic, non-terminal pain. Developed by the Governor's Cabinet Opiate Action Team and in conjunction with more than 40 professional groups, state licensing boards and state agencies, the opioid prescribing guidelines encourage Ohio's clinicians to fully evaluate a patient's situation before prescribing high levels of opioids for long-term use.
- Enhancing Coverage for Families Dealing with Autism: Ohio made autism services available to state employees and their families. In addition, autism services have been defined as part of the "essential health benefit" package in Ohio.
- Enhancing Breast Cancer Screenings: Gov. Kasich pledged up to \$1 million to expand access to cancer screenings for poor, uninsured women in Ohio by contributing \$3 for every \$1 raised through a new income tax-checkoff program that provides free breast and cervical cancer screenings.
- Helping Seniors Live Safer and Healthier: A new statewide initiative to prevent falls – the number-one cause of injuries leading to ER visits, hospital stays and deaths among Ohioans age 65 and older – was launched by Gov. Kasich. It will create a one-stop online resource for falls prevention, expand *A Matter of Balance* education and exercise program, develop a toolkit for health care providers, partner with businesses to create "Fall-Free Zones,"

promote falls risk assessments in nursing homes and home- and community-based care settings, and target and educate high-risk populations through key partnerships.

- Helping Ohio Foodbanks: Gov. Kasich provided \$6.5 million to Ohio foodbanks to help increase the amounts of food for at-risk children in the summer months, and increase the availability of hygiene products for low-income families.
- Strengthening Ohio's Commitment to Prevent Infant Mortality: Infant deaths – when a baby who is born alive dies within the first year of life – account for 66 percent of all childhood deaths in Ohio. Gov. Kasich has made reducing low-birth weight babies a priority and more than a dozen active initiatives are underway to combat this problem.

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